

Message Text

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FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK IMMEDIATE

C O N F I D E N T I A L STATE 205892

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FOL REPEAT OF STATE 205892 TO USDEL SECRETARY AUG 29

QTE:

C O N F I D E N T I A L STATE 205892 TOSEC 100293

NODIS

E.O. 11652: GDS

TAGS:PFOR, ENGR, UNGA

SUBJECT: SECRETARY'S UNGA SPEECH - CORRECTIONS TO DRAFT 8

FOR S/S - PASS TO LORD FROM S/P-LEWIS

FOLLOWING ARE COMMENTS AND CHANGES ON SECTION CONCERNING

ECONOMIC SECURITY: (TOSEC 100176)

PARAGRAPH 12 BEGINNING "STABLE GROWTH IN", DELETE LAST

SENTENCE. IT CLOSELY FOLLOWS PARAGRAPH WHICH SAYS

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"WE BELIEVE THE FORTHCOMING DIALOGUE IS A TEST", AND
MIGHT BE INTERPRETED TO MEAN WE INTENDED TO PURSUE
EARNINGS STABILIZATION PROPOSAL ONLY IF PRODUCER-CONSUMER
DIALOGUE IS SUCCESSFUL.

PARAS 14-16, BEGINNING "THE QUESTION OF INCOME" SHOULD
BE REPLACED BY FOLLOWING TEXT, FOR EDITORIAL REASONS,
TO INCREASE CONTENT AND ACCENT IMPORTANCE OF PROPOSAL.

14. THE QUESTION OF INCOME FROM PRIMARY PRODUCTS HAS
BECOME A CENTRAL QUESTION IN THE DIALOGUE ON INTERNATIONAL
ECONOMIC CONCERNS. MANY IDEAS HAVE BEEN PROPOSED --
CARTELIZATION, PRICE INDEXATION, COMMODITY AGREEMENTS
AND OTHER METHODS. BUT INDIVIDUAL COMMODITIES PRESENT
SEPARATE PROBLEMS AND THEREFORE ARE SUITED TO SEPARATE
ARRANGEMENTS. FOR MANY COMMODITIES PRICE STABILIZATION
MAY REQUIRE SEVERE RESTRICTIONS ON PRODUCTION OR EXPORTS,
EXTREMELY EXPENSIVE BUFFER STOCKS, OR PRICE LEVELS WHICH
COULD BRING ON SUBSTITUTES AND THEREBY WORK TO THE LONG
RANGE DISADVANTAGE OF PRODUCERS. AND EVEN THE MOST
AMBITIOUS AGENDA FOR ADDRESSING INDIVIDUAL COMMODITIES
WOULD NOT RESULT IN ARRANGEMENTS FOR ALL OF THEM IN THE

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NEAR TERM. MOREOVER, FOCUSING EXCLUSIVELY ON COMMODITIES
WOULD NOT PROVIDE SUFFICIENT PROTECTION TO THE MANY
DEVELOPING COUNTRIES WHOSE EARNINGS ALSO DEPEND ON THE
EXPORTS OF MANUFACTURED GOODS.

15. WE HAVE NOW COMPLETED A THOROUGH REVIEW OF ALL
DIMENSIONS OF THE PROBLEM AND OF VARIOUS POSSIBLE
SOLUTIONS. BECAUSE OF THE WIDE DIVERSITY AMONG
COUNTRIES, COMMODITIES, AND MARKETS, A NEW, MUCH MORE
COMPREHENSIVE APPROACH IS REQUIRED TO MAKE A SERIOUS
IMPACT IN A SHORT PERIOD OF TIME.

16. ON BEHALF OF PRESIDENT FORD, LET ME SET FORTH OUR
PROPOSAL: THE UNITED STATES PROPOSES CREATION -- IN THE
INTERNATIONAL MONETARY FUND -- OF A NEW DEVELOPMENT
SECURITY FACILITY, NOT JUST TO STABILIZE EXPORT EARNINGS
FROM COMMODITY SALES BUT TO STABILIZE OVERALL EXPORT
RECEIPTS.

-- THE FUND WOULD GIVE LOANS TO SUSTAIN DEVELOPMENT
PROGRAMS IN THE FACE OF EXPORT FLUCTUATIONS -- UP TO
\$2.5 BILLION, AND POSSIBLY MORE, IN A SINGLE YEAR AND A
POTENTIAL FOR \$10 BILLION IN TOTAL LOANS OUTSTANDING.

-- ASSISTANCE WOULD BE AVAILABLE TO ALL DEVELOPING
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COUNTRIES UNABLE TO FINANCE SHORTFALLS IN EXPORT EARNINGS,
UNLESS THE SHORTFALLS ARE CAUSED BY THEIR OWN ACTIONS.

-- THE POOREST COUNTRIES WOULD BE PERMITTED TO CONVERT
THEIR LOANS INTO GRANTS UNDER PRESCRIBED CONDITIONS.

-- ELIGIBLE COUNTRIES COULD DRAW UP TO 100 PERCENT OF
THEIR IMF QUOTAS, IN ADDITION TO THEIR NORMAL DRAWING
RIGHTS. MUCH OF THAT COULD BE DRAWN IN A SINGLE YEAR,

IF NECESSARY -- PART AUTOMATICALLY, PART SUBJECT TO
PARTICULARLY VIOLENT SWINGS IN COMMODITY EARNINGS,
AND PART SUBJECT TO BALANCE OF PAYMENTS CONDITIONS.
THIS FACILITY WOULD SUPPLANT THE FUND'S EXISTING
COMPENSATORY FINANCE MECHANISM AND BE EXCLUSIVELY FOR
DEVELOPING COUNTRIES.

16A. THIS APPROACH CAN FORM A MORE STABLE BASE FOR ALL
COUNTRIES EAGER TO PURSUE DEVELOPMENT GOALS DESPITE THE
VICISSITUDES OF WORLD ECONOMIC CONDITIONS. IT CAN
UNDERPIN THEIR DEVELOPMENT POTENTIAL, MAKING THEM
MORE DESIRABLE PROSPECTS IN INTERNATIONAL CAPITAL
MARKETS. WITH INTELLIGENT USE OF THIS NEW DEVELOPMENT
SECURITY FACILITY, DEVELOPING COUNTRIES WILL HAVE A MORE

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SOLID FRAMEWORK OF INTERNATIONAL COOPERATION TO GIVE
REALITY TO THEIR DEVELOPMENT ASPIRATIONS."

IN SECTION ON "POOREST, LAST SENTENCE OF PARA 14

STATES "PROVIDED THAT THE OIL EXPORTING COUNTRIES ..."

REPLACE WHOLE SENTENCE WITH FOLLOWING LANGUAGE, IN ORDER

AVOID MAKING OUR DECISION ON IDA WHOLLY DEPENDENT

ON OPEC ACTION. "THE US THEREFORE INTENDS TO JOIN

OTHER IDA CONTRIBUTORS IN A SUBSTANTIAL REPLENISHMENT

OF ITS RESOURCES; IT IS ALSO INCUMBENT UPON THE NEWLY

RICH COUNTRIES TO MAKE A SIGNIFICANT CONTRIBUTION".

IN SECTION ON THE POLITICAL DIMENSION AND CONCLUSION,

PARA 4, BEGINNING "PARTICIPATION SHOULD BE REALISTIC..."

SHOULD BE CHANGED AS FOLLOWS IN ORDER MAKE MORE

PRECISE STATEMENT OF ISSUE AND IMPROVE TONE.

"4. PARTICIPATION MUST BE REALISTIC. WE MUST

ENCOURAGE THE EMERGENCE OF REAL COMMUNITIES OF INTEREST

BETWEEN NATIONS, WHETHER THEY ARE DEVELOPED OR

DEVELOPING, PRODUCER OR CONSUMER, RICH OR POOR.

CONVERSELY, THE GENUINE DIVERSITY OF INTERESTS EXISTING

AMONG STATES MUST NOT BE SUBMERGED BY BLOC DISCIPLINE

OR PURSUIT OF NUMERICAL MAJORITIES. FOR ONLY IF WE
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RECOGNIZE AND ACT UPON A REALISTIC UNDERSTANDING OF

ACTUAL INTERESTS, CAN WE EXPECT TO ACHIEVE CONCRETE

RESULTS."

SUGGESTED CHANGES IN OTHER SECTIONS FOLLOW SEPTTEL.

ENDERS HAS NOT SEEN AND MAY POSSIBLY SEND MINOR

CORRECTIONS. INGERSOLL UNQTE INGERSOLL

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